


Date: July 30, 2008

To: Audit and Finance Committee

From: Gary Ray, City Auditor 

Subject: Mesa Arts Center Complimentary Tickets Follow-up Review

cc: Kari Kent, Deputy City Manager
Johann Zietsman, Mesa Arts Center Executive Director
Randall Vogel, Performing Arts Center Administrator

Background:

In December 2006, we issued a report on our audit of MAC Complimentary Tickets. The objectives of that audit were to verify compliance with the MAC's policies regarding complimentary tickets and to determine whether taxable benefits had been extended to employees. Our final report included four Corrective Action Plans with recommendations to address our findings. We recently completed a routine follow-up review to determine whether changes were implemented as agreed and whether new procedures are being followed.

Summary:

During this follow-up review, we found that the MAC has significantly improved the policies, procedures and documentation associated with comp tickets. Specifically:

- The Complimentary Ticket Policy has been revised to incorporate our recommendations.
- All of the comp orders we reviewed were approved and documented.
- The Director now actively monitors comp tickets, especially those given to employees.
- Box Office employees are now prohibited from creating their own tickets.
- Customer data entered into the AudienceView database has improved with regard to accuracy and completeness.

There are also some issues still in need of improvement. Our findings and recommendations for corrective action are listed below, followed by the Mesa Arts Center's response to this report.

Findings:

1. Due to a problem with the vendor, the on-line approval process referred to in the MAC's response to the 2006 audit was never implemented. As an alternate procedure, the MAC implemented the use of the ticket request form. The form includes a typed approval line so that it can be transmitted via e-mail, which means there is no actual signature or initials on the form. This renders the form of little value as evidence of approval, unless it is accompanied by a documented electronic routing trail.

2. Ticket request forms are not always fully completed, despite instructions printed on the form stating, "Ticket requests will not be considered without all information."
3. The MAC's response to the 2006 audit states that they now require "a signature when the tickets are picked up." We found that this requirement is not mentioned in the revised policy.
4. The MAC has not made changes to certain employee job descriptions as recommended by the City Attorney's Office during the 2006 audit. According to the City Attorney's Office, without these changes, the corresponding language in the Comp Tickets Policy is invalid and the affected employees do not qualify for the "working condition fringe" exclusion from taxability.

Recommendations:

1. The e-mail used to transmit an approved ticket request form to the Box Office should be printed with the form and included in the file to validate the approval. It should also be saved in Lotus Notes and archived by season. Forms that are not transmitted through e-mail should be personally signed or initialed by the approver.

As a preferred alternative to this process, we recommend that an automated routing and approval system be implemented for comp ticket approvals, in order to provide the necessary controls to ensure the integrity of the approval process. This would also streamline the process and eliminate the need to print e-mails for the files.

2. The policy should be revised to stipulate that incomplete ticket request forms will be returned unapproved to the requestor. The "Reason for Request" given on the form should be specific and descriptive. In addition, the section labeled "For Box Office Use Only" should always be completed when the tickets are issued.
3. The comp ticket policy should be revised to require a signature when tickets are picked up.
4. Changes to specific job descriptions should be made, as recommended by the City Attorney's Office, to bring those job descriptions into alignment with the Comp Tickets Policy and to bring the City into compliance with federal tax regulations.



CQB
Christopher T. Boddy

Heidi Kent
Heidi Kent

MEMORANDUM

Date: June 30, 2008
To: Gary Ray, City Auditor
From: Johann Zietsman, Executive Director
Phone: 6601
Re: Response to MAC Complimentary Tickets Follow-up Review

The Mesa Arts Center concurs with the recommendations and findings of the City Auditor. Pursuant to report recommendations will do the following:

1. The e-mail used to transmit an approved ticket request form to the Box Office should be printed with the form and included in the file to validate the approval. It should also be saved in Lotus Notes and archived by season. Forms that are not transmitted through the e-mail should be personally signed or initialed by the approver.

As a preferred alternative, we recommend that an automated routing and approval system be implemented for comp ticket approvals, in order to provide the necessary controls to ensure the integrity of the approval process and eliminate the need to print e-mails for the files.

Mesa Arts Center staff concurs with this recommendation. The above will be implemented effective July 1, 2008. A change will be made in the Box Office procedures to reflect the manual transmittal and approval backup and signature of comp ticket requests.

Center staff will work with ISD to research and develop an electronic form of approval.

2. The policy should be revised to stipulate that incomplete ticket request forms will be returned unapproved to the requester. The "Reason for Request" given on the form should be specific and descriptive. In addition, the section labeled "For Box Office Use Only" should always be completed when the tickets are issued.

Mesa Arts Center will modify the Comp Ticket policy to reflect the above changes. Additionally, staff will work with ISD to include a pull down box that includes the approved "Reason for Request". The above will be implemented effective July 1, 2008.

3. The comp ticket policy should be revised to require a signature when tickets are picked up.

The above will be modified and implemented effective July 1, 2008.

4. **Changes to specific job descriptions should be made, as recommended by the City Attorney's Office, to bring those job descriptions into alignment with the Comp Ticket Policy and to bring the City into compliance with federal tax regulations.**

Mesa Arts Center staff will continue to work with the City Attorney's office and HR to implement this change.

Cc: Kari Kent
Randall Vogel